

October 16, 2024

Rajinder Sahota, Deputy Executive Officer
California Air Resources Board
1001 “I” Street
Sacramento, CA 95814

RE: PG&E Comments in Support of Proposed Low Carbon Fuel Standard Modifications

Pacific Gas and Electric Company (PG&E) appreciates this opportunity to comment in support of the California Air Resources Board’s (CARB) release of additional modifications to the formal draft of Low Carbon Fuel Standard (LCFS) amendments for a second 15-day public comment period.

PG&E continues to support the LCFS as a critical program in the State’s overall climate portfolio and specifically for its crucial role in accelerating the transition of the State’s transportation sector. Arguably even more important is the role the LCFS plays as a model program for other states and jurisdictions. In this vein, adopting amendments that revive a robust and resilient LCFS market, primarily through addressing the credit/deficit imbalance that is currently depressing LCFS credit prices, is the most important way the program can continue to inspire similar action beyond California’s borders. While the second 15-day changes make incremental improvements upon the prior draft amendments, PG&E acknowledges that not all stakeholder concerns will be addressed, PG&E’s included. These concerns notwithstanding, we urge the Board not to let perfect be the enemy of the good; in this case the “good” being the revitalization of a functioning LCFS market along with meaningful and important program enhancements and refinements. Further delay of the approval of these critical LCFS amendments will be devastating for the program, risk significant market uncertainty and disruption, and harm CARB and California’s pioneering reputation in this space.

To the extent that technical clarifications can be addressed through the Final Statement of Reasons (FSOR) report and subsequent guidance documents, PG&E will continue to work with staff to streamline our remaining implementation-related issues around electricity, hydrogen and renewable natural gas fuels. PG&E also supports the following changes made in the second 15-day changes related to utility programs:

- Increase of utility holdback equity project administrative caps from 7% to 10%.

- Clarifications around holdback equity spending requirements, including rollover of shortfalls.
- Clarification that unspent funds allocated to the state-wide Clean Fuel Rewards (CFR) program will be returned to electric utilities for use in holdback projects should utility base credits be allocated to original equipment manufacturers (OEMs) and the CFR program ceases.

PG&E reiterates its overall support of the LCFS program and recommends approval of the final amendment package, including the second 15-day changes. PG&E looks forward to continuing to work closely with staff on clarifications as needed, and appreciates staff's commitment to doing so.

Sincerely,

/s/

Fariya Ali
Interim Director
State Agency Relations